

Message Text

CONFIDENTIAL

PAGE 01 ACCRA 04123 01 OF 02 290827Z

17

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 IO-14 DRC-01 AGR-20 CAB-09 FAA-00

DOT-00 /204 W

----- 023851

R 290703Z JUL 74

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC 4382

INFO AMEMBASSY ABIDJAN

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY BANJUL

AMEMBASSY COTONOU

AMEMBASSY LOME

AMEMBASSY OUAGADOUGOU

C O N F I D E N T I A L SECTION 1 OF 2 ACCRA 4123

EO 11652 GDS

TAGS/: ECON EFIN PFOR PDEV GH XJ

SUB: AMBASSADOR HADSEL'S SUMMARY OBSERVATIONS ON GHANA

SUMMARY: ON DEPARTING FROM ACCRA, AMBASSADOR HADSEL SEEKS TO HIGHLIGHT THE TREND OF EVENTS IN GHANA, TO LOOK AT THE PROSPECTS FACING THE COUNTRY, AND TO POINT UP PRINCIPAL IMMEDIATE PROBLEMS OF US POLICY. END OF SUMMARY.

A. PERSPECTIVE

1. AS I WRITE THIS LAST TELEGRAM FROM ACCRA, I AM VERY MUCH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ACCRA 04123 01 OF 02 290827Z

AWARE OF THE CHANGES WHICH HAVE AFFECTED GHANA DURING THE

SCORE OF YEARS I HAVE BEEN ACQUAINTED WITH IT. IT LED IN 1957 THE SUB-SAHARAN COUNTRIES IN THE RUSH TO INDEPENDENCE. IT SAVORED THE EXCITEMENT OF POLITICAL LEADERSHIP OF THE CONTINENT, BUT LIKE THE OTHER NATIONS OF AFRICA, IT UNDERESTIMATED THE PROBLEMS OF ECONOMIC DEVELOPMENT. WHILE NKRUMAH HELD FIRMLY THE KEYS TO THE POLITICAL KINGDOM, HE FUMBLLED BADLY IN USING THE ECONOMIC KEYS TO REAL INDEPENDENCE. HIS EXCURSIONS INTO PSEUDO-SOCIALISM WERE DISASTROUS; HIS USE OF THE NATION'S CONSIDERABLE RESOURCES BECAME INCREASINGLY RECKLESS; AND EVENTUALLY HIS FAILURE TO UNDERSTAND HIS OWN PEOPLE LED TO HIS DOWNFALL. YET HE LEFT GHANA A FOUR-FOLD INHERITANCE: A PRIDE IN BEING GHANAIAAN WHICH, WHILE IT CONTAINS A RESIDUE OF LONGING FOR GLORY, IT MORE IMPORTANTLY PERMITS GHANAINS TO LOOK AT ALL MEN AS EQUALS; AN ACCELERATED EXPANSION OF EDUCATION, WHICH MEANT THAT GHANA NOW HAS DOCTORS, LAWYERS AND ENGINEERS ALL TRAINED IN GHANA AND THAT THE DEPTH OF SKILLS AND TRAINING IN THE COUNTRY IS SECOND TO NONE IN BLACK AFRICA; A CONSIDERABLE ECONOMIC INFRASTRUCTURE, SOME OF IT IN SPITE OF HIS LEADERSHIP, IN THE SHAPE OF PORTS, ROADS AND ABOVE ALL ELECTRIC POWER; AND VARIOUS BUSINESS ENTERPRISES BEGUN IN HIS ERA, THE PRINCIPAL EXAMPLE BEING KAISER'S ALUMINUM PLANT AT TEMA.

2. WHEN GHANA ABRUPTLY RETURNED TO NORMALCY IN 1966, IT FOUND ITS PROBLEMS TRANSFORMED BUT BY NO MEANS SOLVED. PLAGUED BY THE HEAVY DEBTS INCURRED BY THE NKRUMAH GOVERNMENT, THE MILITARY REGIME DISPLAYED, AT BEST, MEDIOCRE INTELLIGENCE LEAVENED BY COMMON SENSE. BUT IT LACKED COHESION IN ITS POLICIES; THE LEADERSHIP, AS WELL AS THE COUNTRY, TOOK THE PATH OF UNCONTROLLED INDIVIDUAL INITIATIVE (AND PROFIT); AND WITHIN THREE YEARS IT WAS LARGELY DISCREDITED. THERE WERE THUS GREAT EXPECTATIONS WHEN THE RESPECTED SCHOLAR AND POLITICIAN, KOFI BUSIA, CAME TO POWER THROUGH REASONABLY HONEST ELECTIONS IN 1969. PARLIAMENTARY DEMOCRACY RETURNED, BUT GHANA'S PROBLEMS DID NOT DISAPPEAR. THE NEW LEADERS ENJOYED THEIR POWER, BUT THEY FAILED TO EXERCISE IT EFFECTIVELY. GROUPS WHO SHOULD HAVE SUPPORTED THEM WERE ALIENATED. FATE DEALT THEM A BLOW WHEN COCOA FELL TO 23 CENTS A POUND. AND STAYING TRUE TO FORM OF "HADSEL'S LAW", THAT IT TAKES ALMOST EVERY NEW GOVERNMENT IN AFRICA A YEAR-AND-A-HALF TO GET DOWN TO BUSINESS, THE BUSIA

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ACCRA 04123 01 OF 02 290827Z

REGIME ONLY BEGAN TO FACE UP TO ITS PROBLEMS WHEN ITS POLITICAL POWER WAS BADLY ERODED. AND CHARACTERISTICALLY, IT WAS THE SHOCK OF THIS REALITY-COMBINED WITH DRASTIC DEVALUATION-THAT GAVE THE GOVERNMENT ITS COUP DE GRACE IN JANUARY 1972.

3. THE NEW REGIME UNDER COLONEL ACHEAMPONG SOON SHOWED A USUAL BLEND OF THE STRENGTHS AND FLAWS OF A MILITARY RULE. IT TOOK A NUMBER OF DIRECT ACTIONS, INCLUDING AN EVENTUALLY SUCCESSFUL

ATTACK ON ITS DEBT PROBLEM. IN THE COURSE OF
RATIONALIZING ITS SEIZURE OF POWER, IT DEVELOPED DOCTRINES OF
NATIONAL SELF-RELIANCE AND INTERNATIONAL NON-ALIGNMENT. PARTLY
BECAUSE OF THE LEADERSHIP WAS DEVOID OF PHILOSOPHICAL PRE-CONCEP-
TIONS (SOME WOULD SAY DEVOID OF CONCEPTION), AND PARTLY BECAUSE
THERE WAS GENUINE DEVOTION TO NATIONAL RECOVERY, THE REGIME
ADOPTED A NUMBER OF POLICIES, WHICH IF NOT ALWAYS CONSISTENT,
WERE GENERALLY PRAGMATIC AND, WITHIN LIMITS, SUCCESSFUL. IT
HAS TAKEN CONTROL OF ITS ECONOMY (SOME WOULD SAY TOO MUCH
CONTROL); IT HAS FACED REALITIES WITH COMMENDABLE FIRMNESS:
AND IT IS PRESENTLY SEEKING BOTH TO RENEW THE INFLOW OF NECES-
SARY EXTERNAL RESOURCES AND DEVELOP A FIVE-YEAR ECONOMIC PLAN
TO MAKE GOOD USE OF THEM. WHILE IT IS EASY TO ELABORATE ON
ERRORS OF JUDGMENT, MEDIOCRITY WITHIN THE LEADERSHIP, PERSONAL
FOIBLES AND SHORT-SIGHTED POLICIES, THE PRESENT GOVERNMENT
APPEARS TO HAVE CONSOLIDATED ITS POWER, TO HAVE OBTAINED THE
ACCEPTANCE IF NOT NECESSARILY THE AFFECTION OF MOST OF THE
PEOPLE MOST OF THE TIME, AND TO BE PLANNING TO STAY FOR A
DECADE WHILE IT GETS THE COUNTRY'S ECONOMY MOVING. IT HAS, OF
COURSE, BEEN GREATLY HELPED BY A RISE IN THE PRICE OF COCOA TO
AS HIGH AS DOLLARS 1.31 A POUND.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ACCRA 04123 02 OF 02 290836Z

17

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 IO-14 DRC-01 AGR-20 CAB-09 FAA-00

DOTE-00 /204 W

----- 023910

R 290703Z JUL 74

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC 4383

INFO AMEMBASSY ABIDJAN

TRUTADR/AMEMBASSY DAKAR 1155

AMEMBASSY FREETOWN

AMEMBASSY LAGOS

AMEMBASSY LONDON
AMEMBASSY MONROVIA
AMEMBASSY BANJUL
AMEMBASSY COTONOU
AMEMBASSY LOME
AMEMBASSY OUAGADOUGOU

C O N F I D E N T I A L SECTION 2 OF 2 ACCRA 4123

B. PROSPECTIVE

4. AS ALL GHANA WATCHERS KNOW, ITS CONVENTIAL WISDOM IS DISTILLED INTO SLOGANS ON ITS TRADING TRUCKS. "FUTURE IS UNKNOWN IS AN APT FORECAST OF GHANA'S PROSPECTS. BARRING THE GRATUITOUS ACT, ITS POLITICAL STRUCTURE IS REASONABLY STABLE, ITS LEGAL INSTITUTIONS ARE FUNCTIONING FAIRLY WELL, AND THE PROSPECT OF SELF-SUFFICIENCY IN FOOD IS REALIZABLE IN DUE COURSE. THE LOCAL IBRD STAFF TENDS TO TAKE A BASICALLY OPTIMISTIC VIEW OF THE FUTURE. CERTAINLY GHANA'S MANPOWER IS ABLE, ITS ECONOMIC STRUCTURE HAS MATURED, AND ITS PROBLEMS ARE, ITS ECONOMIC STRUCTURE HAS MATURED, AND ITS PROBLEMS ARE, TO A LARGE EXTENT, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ACCRA 04123 02 OF 02 290836Z

MANAGEABLE. TWO BASIC THREATS EXIST: RUNAWAY INFLATION, DUE IN PART TO DOMESTIC SHORTAGES BUT TO A MUCH GREATER EXTENT TO THE RISE IN THE COST OF FUEL; AND A POSSIBLE DROP IN COMMODITY PRICES (ESPECIALLY COCOA AND TIMBER). EITHER THREAT COULD FAIRLY EASILY UPSET THE EQUILIBRIUM, CAUSING POLITICAL UPHEAVAL AND/OR EXTREME ECONOMIC ACTION. IN EITHER CASE, OUR INTERESTS IN GHANA WOULD IN ALL PROBABILITY BE ADVERSELY AFFECTED.

5. AT THE SAME TIME, WE WOULD RECOGNIZE THAT WE ARE NOT PREPARED, AT LEAST IN THE SHORT RUN, TO DO MUCH ABOUT EITHER OF THESE DANGERS. INSTEAD, WE MUST LOOK AT OUR POLICY IN TERMS OF MORE RESTRICTED REALITIES. I DO NOT PROPOSE TO REVIEW IT, EXCEPT TO NOTE THAT IN ITS TOTALITY IT IS REASONABLY COMPLEX: APPROXIMATELY DOLLARS 25 MILLION OF AID PER YEAR, EXTENSIVE CULTURAL EXCHANGE ACTIVITY, SOME 300 PEACE CORPS VOLUNTEERS, A SMALL BUT EFFECTIVE MILITARY TRAINING PROGRAM, AND PRIVATE INVESTMENT OF APPROXIMATELY DOLLARS 200 MILLION. I HAVE CONFIDENCE IN ITS QUALITY AND CONSIDERABLE PRIDE IN ITS ACCOMPLISHMENT. I WOULD, HOWEVER, LIKE TO SIGNAL WHAT I THINK WILL BE SIGNIFICANT IMMEDIATE PROBLEMS.

C. PROBLEMS

6. AID-HAVING SETTLED ITS DEBT PROBLEM AND BEGUN CONSIDERATION OF ITS FUTURE POLICIES, THE GOVERNMENT IS TACKLING SYSTEMATICALLY ITS ECONOMIC RELATIONS WITH DONOR NATIONS. OUR

AID MISSION HAS BEEN HEAVILY ENGAGED IN AN UPSURGE OF TECHNICAL ASSISTANCE REQUESTS, AND IT IS CURRENTLY NEGOTIATING THE LOAN AGREEMENT. I CANNOT STRESS TOO STRONGLY MY PREVIOUSLY EXPRESSED VIEWS THAT WE MUST NEGOTIATE IN THE CONTEXT OF CURRENT AND PROSPECTIVE GHANAIAI NATIONAL ASPIRATIONS. WE MUST NEGOTIATE AS PARTNERS TACKLING A COMMON PROBLEM, NOT IMPOSING CONDITIONS THAT NO SELF-RESPECTING NATION COULD ACCEPT. SUCCESS IN THIS ENDEAVOR WILL SET THE TONE OF A WHOLE RANGE OF AID AND ECONOMIC RELATIONSHIPS.

7. PARTICIPATION- WHILE WE HAVE A MATTER OF PRINCIPLE TO FOLLOW IN THE QUESTION OF GHANAIAI CONTROL OF AFRICAN MANGANESE, WE MUST REALIZE THAT GHANA IS FULLY CONFIDENT THAT THE COMPANY HAS EVADED LAWS AND REGULATIONS FOR MANY YEARS, THEREBY TAKING CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ACCRA 04123 02 OF 02 290836Z

OUT EXCESSIVE PROFITS. THE AMERICAN PARENT COMPANY, UNION CARBIDE, HAS SHOWN PATIENCE AND FLEXIBILITY, ITS ATTITUDE ABETTED BY THE FACT THAT THE MINE IS ALMOST EXHAUSTED. OUR PROBLEM IS TO AVOID HAVING THIS ISSUE EXPOLDE IN A WAY THAT ADVERSELY AFFECTS OUR OTHERINTERESTS IN GHANA, ESPECIALLY THE REALLY MAJOR US INVESTMENT IN KAISER ALUMINUM.

8. AVIATION- OF IMMEDIATE CONCERN IS THE CONFRONTATION OVER AN AVIATION/AGREEMENT, SINCE PAN AMERICAN OPERATES WITHOUT AN AGREEMENT AND GHANA WILL NOT PERMIT THIS SITUATION TO CONTINUE. THE ESSENTIAL FACT IS THAT GHANA INSISTS ON UNCONDITIONAL RECIPROCITY, AS IT HAS IN AGREEMENTS WITH OTHER COUNTRIES. UNLESS THE USG WILL REALLY RECOGNIZE THIS, THE SITUATION WILL REMAIN CRITICAL.

9. COMMODITIES- I BELIEVE THIS TO BE BY FAR THE MOST DIFFICULT OF OUR PROBLEMS. SINCE NEITHER GHANA NOR THE US CAN REALLY CONTROL THE PRICE OF COCOA (AND BAUXITE WILL SHORTLY BE INVOLVED), WE CANNOT EXPECT TO AFFECT THE SITUATION BILATERALLY-ALTHOUGH OUR JOINING THE COCOA AGREEMENT WOULD GO A LONG WAY TO ESTABLISHING CONFIDENCE IN OUR INTENTIONS. IN MY OPINION, THERE IS NO OTHER COURSE IN OUR LONG-RANGE SELF-INTEREST BUT TO DEVELOP A BASICALLY NEW COMMODITY POLICY.

D. CONCLUSION

10. I LEAVE WITHOUT ANY ILLUSION OF QUICK SOLUTIONS, LET ALONE MIRACLES IN OUR RELATIONSHIP WITH GHANA AND OTHER AFRICAN NATIONS. BUT AS FAR AS THIS COUNTRY IS CONCERNED, I DO LEAVE ACCRA WITH DEEP RESPECT FOR ITS PEOPLE, REAL CONFIDENCE IN THE QUALITY OF ITS ASPIRATIONS, AND CONSIDERABLE PRIDE IN AMERICAN POLICY TOWARD THE GHANAIAI PEOPLE. I TRUST THAT WE WILL NOT LOSE CONFIDENCE IN THEM OR IN OURSELVES.

HADSEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN POLICY POSITION, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ACCRA04123
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740205-0187
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740711/aaaaaizp.tel
Line Count: 277
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by boyleja>; APPROVED <25 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR HADSEL'S SUMMARY OBSERVATIONS ON GHANA SUMMARY: ON DEPARTING FROM ACCRA, AMBASSADOR HADSEL SEEKS TO
TAGS: ECON, EFIN, PFOR, PDEV, GH, XJ, US, (HADSEL, FRED L)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005